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C O N F I D E N T I A L SECTION 01 OF 02 LUXEMBOURG 000248

SIPDIS

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SUBJECT: LUXEMBOURG: AUGUST 'DISPATCHES FROM THE DUCHY'

Classified By: Pol/Econ Counselor, Michael A. Via, reasons, 1.4 (b) (d)

¶1. (SBU) Embassy Luxembourg hereby launches its first edition of 'Dispatches from the Duchy' to capture highlights from the press, diplomatic and international community, and news heard on the ramparts not otherwise reported during the month of August.

¶2. (SBU) Summary: The month of Ramadan began for the estimated 8000 - 12000 Muslims living in Luxembourg with a statement by the Imam of the Mamer mosque, Halil Ahmetpahic that "this is the month where we ask for the forgiveness of our sins." The Hungarian Embassy in Luxembourg will close due to the severe impact of the financial and economic crisis on Ministry of Foreign Affairs operating budgets according to Hungarian Ambassador to Luxembourg, Tbor Keckskes. The world's largest steel producer ArcelorMittal, headquartered in Luxembourg, announced on August 20th that it plans to restart two blast furnaces in the U.S. which had been idle due to the economic downturn. Luxembourg-based steel maker Tenaris SA announced that the Venezuelan Government is expropriating their Venezuelan subsidiary. RTL, Europe's largest television company, based in Luxembourg, announced that profit levels will be "down considerably compared to 2008" and posted a first-half year loss of \$150 million. New cases of H1N1 reported for the third week of August were significantly lower than previous weeks. Luxembourg's next Consul General to San Francisco, will be George Schmit, former Deputy Minister of the Economy. His former portfolio will now be subdivided during a reorganization of the Ministry. End Summary.

RAMADAN BEGINS IN LUXEMBOURG

¶3. (SBU) The month of Ramadan began for the estimated 8000 - 12000 Muslims living in Luxembourg with a statement by the Imam of the Mamer mosque, Halil Ahmetpahic that "this is the month where we ask for the forgiveness of our sins. The fast is a general way and one means of demonstrating devotion to God." The Muslim Community in Luxembourg maintains a very low key, non-controversial status in the country.

¶4. (C) The Mamer mosque is one of five mosques in Luxembourg and is known as moderate in their approach to the application of Islam. The other four mosques are located in Bonnevoie, Esch-sur-Alzette, Wiltz and Niederkorn. Some of the Niederkorn mosque members are known for their more radical views, practice the conservative or Wahhabi version of Islam and are referred to as "former AIO" (Active Islamic Youth). (Note: Although AIO as an organization no longer exists, those with more radical views still carry the label. End note). Most of Luxembourg's Muslim community arrived after 1997 at the conclusion of the Balkans conflict. Most are identified as ex-Yugoslavs, although single digit percentages

are attributed to Muslims from Morocco, Iran, Turkey, Albania, Algeria, Tunisia and other locations according to the press and local unofficial sources. The GOL does not maintain a tally of the number of Moslems in the country or their countries of origin. Local officials do not believe that any of the local mosques or their members present a significant terrorist threat.

HUNGARIAN EMBASSY TO CLOSE

15. (SBU) The Hungarian Embassy in Luxembourg will close due to the impact of the financial and economic crisis at home, according to Hungarian Ambassador to Luxembourg, Tbor Keckskes. No specific date for the closure has been announced. Three additional Hungarian bilateral Embassies and eight consulates will close in addition to Luxembourg in Chili, Venezuela and Malaysia according to Keckskes, as quoted in the local press. Assertions by Keckskes that the Embassies of Finland and Poland in Luxembourg may also close are being denied by the MFA and the respective embassies.

STEEL PRODUCTION TO INCREASE

16. (SBU) The world's largest steel producer ArcelorMittal (AM), headquartered in Luxembourg, announced on August 20th that it plans to restart two blast furnaces in the US which had been idle due to the economic downturn. A furnace and related production activities at their Cleveland plant are

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scheduled to restart in mid-September, and a second plant in East Chicago will be back in operation by early October. The decision to re-open these facilities was prompted by low inventories and by economic stimulus packages being supplied from governments both in the US and Europe according to officials at AM. The impact of these restarts will not have an immediate impact on Luxembourg's 5.8% unemployment rate, the highest in recent years, and AM still forecasts a difficult year overall through at least the fourth quarter. The increase in production and anticipated boost in corporate profits for Luxembourg's largest employer will contribute to higher tax revenues and be seen as a possible early sign of recovery in the country.

LUXEMBOURG STEEL SUBSIDIARY IN VENEZUELA EXPROPRIATED

17. (SBU) Luxembourg based steel maker Tenaris SA announced that the Venezuelan Government is expropriating their Venezuelan subsidiary but is prepared to negotiate "fair and adequate terms" for the takeover. Terms and conditions for the payment agreements from the expropriations have not been announced.

RTL POSTS \$150 LOSS FOR FIRST HALF OF YEAR

18. (U) RTL, Europe's largest television company, based in Luxembourg, posted a first-half year loss of \$150 million as advertising clients cut spending and the company wrote down the value of its businesses in the UK and Greece. RTL, which operates 45 TV channels and 32 radio stations in 10 countries sees "no significant change" in the second half of 2009 and projects that profit levels will be "down considerably compared to 2008."

H1N1 UPDATE: FEWER NEW CASES FOR NOW

¶9. (SBU) New cases of H1N1 reported for the third week of August were significantly lower than previous weeks. Since August 14, twelve new cases of the virus were confirmed with the majority of cases occurring in travelers returning from Spain and the UK. This contrasts favorably with the 31 new cases reported the week of August 7 and brings the total to date for Luxembourg to 130. With the end of the holiday period and Luxembourgers returning from other countries by the first week of September, the number of new cases is expected to rise. Despite H1N1 concerns, the school year will start as planned in mid-September for both primary and secondary schools, per guidance provided by the World Health Organization and the European Center for Disease Control, according to the Minister of Education, Mady Delvaux-Stehres and the Minister of Health, Mars DiBartolomeo.

SAN FRANCISCO CONSUL GENERAL GEORGES SCHMIT

¶10. (SBU) The next Luxembourg Consul General in San Francisco, Georges Schmit, former Deputy Minister of the Economy, will take up his duties in the U.S. on October 1, according to Patrizia Luchetta, Director of the Health Technologies project for the Ministry of Economy. Luchetta stated that newly-appointed Minister Jeannot Kreckel has chosen to reorganize the Economic Ministry and will diversify Schmit's portfolio across several functional directorates and departments. A new organization chart is expected for release by mid-September.

¶11. (U) If additional information is required, post point of contact is Pol/Econ Counselor, Michael Via, e-mail: ViaMA@state.gov.
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